

# Hong Kong Institute of Certified Public Accountants Practising Certificate ("PC") – Taxation

## Syllabus

This document contains the syllabus and the required level of competence for PC – Taxation examination. Candidates should note that PC – Taxation examination adopts the same syllabus of Qualification Programme ("QP") Module 14 – Taxation. A learning pack is available for QP Module 14 to assist candidates to prepare for their examinations.

To better understand the scope of PC – Taxation examination, candidates should be aware of the following:

### 1. Learning pack and learning outcomes

The learning pack is the study materials written for the syllabus topics. Candidates should understand that it is not the only study materials for examination and they should read extensively to equip themselves for their examinations. The latest edition of the learning pack is the 2<sup>nd</sup> edition, released in March 2023 and it could be downloaded from the [PC Examinations Online Resources Centre](#). In the learning pack, candidates can find the syllabus and the prescribed learning outcomes for the syllabus topics.

### 2. Supplement to learning pack

The purpose of the supplement is to provide an update of the learning pack to candidates before a new edition is released. The supplement usually includes updates to the chapter content affected by new releases or pronouncements of technical standards or regulations.

### 3. Cut-off on legislation

The examinable contents are determined on 31 May each calendar year (cut-off date) which applies to the June and December sessions in the following calendar year, except where the legislations or pronouncements are considered significant and specified by the Institute and communicated to the candidates as examinable starting from December session in that calendar year.

The determination of examinable contents refers to both the release date of the pronouncements (or the enactment date of legislations) and their corresponding effective date.

Candidates will be examined on legislations and the Institute's pronouncements that meet the following conditions:

**Condition 1:** Have been released / enacted on or before 31 May of that calendar year; and

**Condition 2:** Have been effective / will be effective on or before the end of the following calendar year.

Candidates may [purchase](#) the latest edition of Module 14 learning pack from the Institute and visit the Institute's website for the supplement.

## SYLLABUS FOR PC – TAXATION

This module develops a thorough understanding of the Hong Kong tax system and the major Hong Kong taxes that affect transactions, individuals, and entities. Candidates learn to identify potential tax issues, evaluate tax liabilities and recommend appropriate tax advice for individuals and entities. The module also provides students with an overview of the tax system in Mainland China and the ability to prepare straight forward tax calculations.

| <b>Syllabus area</b>  | <b>Weight (%)</b> |
|---|-------------------|
| Demonstrate an understanding of the tax system and administration in Hong Kong  | 5 – 10            |
| Apply tax rules and principles and calculate tax liabilities for property tax, salaries tax, profits tax, personal assessment and stamp duty in Hong Kong | 50 – 60           |
| Apply profits tax rules and principles and calculate profits tax liabilities for cross-border transactions  | 5 – 10            |
| Demonstrate an understanding of the tax system and administration in Mainland China   | 5 – 10            |
| Advise on Hong Kong tax planning ideas and strategies to enhance tax efficiency   | 25 – 30           |

The syllabus weighting table indicates the relative weightings of the syllabus areas encompassed in this module. It serves as a guide to the percentage of study time spent on each syllabus area. In the long run, the marks allocation in the module examinations would conform to the weightings as shown above. The exact range of marks allocation in each module examination may deviate from the weightings for suitably robust questions to be set.

## Learning Outcomes

## Proficiency Level

### Demonstrate an understanding of the tax system and administration in Hong Kong

State, describe and apply the following key aspects of the tax system in Hong Kong:

- Principles of taxation 2
- Types of tax 1
- Sources of Hong Kong tax law – statute, case law, Board of Review decisions 1
- Interpretation of tax statutes 1
- The Basic Law 1
- Departmental Interpretation and Practice Notes and Stamp Office Interpretation and Practice Notes 1
- Structure and administration of the Inland Revenue Department 1
- Duties and powers of officers of the Inland Revenue Department, and official secrecy 1
- Obligations and liabilities of a taxpayer, his agent, a trustee or an executor 1
- Returns, offences and penalties 2
- Assessments, additional assessments and provisional assessments 2
- Payment, recovery, holding over and refund of tax 1
- Objections, appeals and claims 2
- Board of Review 1
- Board of Inland Revenue 2
- Field audit and investigation 2

### Apply tax rules and principles and calculate tax liabilities for property tax, salaries tax, profits tax, personal assessment and stamp duty in Hong Kong

Describe, explain and analyse the following tax issues as they impact and interact on transactions, individuals and entities:

#### Property tax:

- Scope of property tax charge 2
- Chargeable property and owners of land and/or buildings 2
- Ascertainment of property tax liability 2

#### Salaries tax:

- Scope of salaries tax charge 2
- Time basis assessment 2
- Incomes 2
- Benefits in kind, housing benefit, share-based benefits and holiday journey benefits 2
- Lump sum receipts 2
- Expenses and deductions 2
- Losses 2
- Personal allowances 2
- Separate taxation on spouses and joint assessment 2
- Ascertainment of salaries tax liability 2

## Profits tax:

- Scope of profits tax charge 2
- Badges of trade 2
- Apply the tax certainty enhancement scheme on equity disposal gains 2
- Source of profits 2
- Deemed trading receipts 2
- Foreign-sourced income exemption 2
- Distinction between capital and revenue items 2
- General deductions and specific deductions 2
- Cessation and post-cessation receipts and payments 2
- Sharkey v. Wernher principle 2
- Stock borrowing and lending transactions 2
- Financial instruments and foreign exchange differences 2
- Exemption for funds 2
- Family-owned investment holding vehicles 2
- Alternative bond schemes 2
- Corporate treasury activities 2
- Regulated capital securities 2
- Corporate amalgamation 2
- Aircraft and ship leasing activities 2
- Special classes of business 1
- Partnerships, joint ventures, and allocation of profit/loss 2
- Losses 2
- Depreciation allowances: plant and machinery 2
- Depreciation allowances: industrial buildings and commercial buildings 2
- Ascertainment of profits tax liability 2

## Personal assessment:

- Election for personal assessment 2
- Ascertainment of tax liability under personal assessment 2

## Stamp duty:

- Scope of stamp duty charge 1
- Conveyance on sale of immovable property 2
- Agreement for sale of immovable property 2
- Lease of immovable property 2
- Hong Kong stock 2
- Hong Kong bearer instrument, duplicate and counterpart 2
- Voluntary disposition *inter vivos* 2
- Alternative bond schemes 2
- Exemptions and reliefs 2
- Adjudication, assessment and administration 1
- Ascertainment of stamp duty liability 2

## Apply profits tax rules and principles and calculate profits tax liabilities for cross-border transactions

- Explain and analyse the tax implications and calculate the tax liabilities for cross-border transactions and e-commerce business 2

**Demonstrate an understanding of the tax system and administration in Mainland China**

- Describe and apply the key aspects of the tax system in Mainland China 2

**Advise on Hong Kong tax planning ideas and strategies to enhance tax efficiency**

- Explain, apply and consider the anti-avoidance provisions in the Inland Revenue Ordinance 3
- Explain and apply the *Ramsay* principle 2
- Explain and apply the provisions on offences and penalties 2
- Explain and apply the advance ruling system 2
- Advise on Hong Kong tax planning opportunities 3
- Advise on transfer pricing 3
- Explain and advise on the use of double taxation agreements/arrangements ("DTAs") for tax planning 3
- Advise on the professional, ethical and legal considerations in relation to tax compliance engagements and tax planning 3

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